

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 177**

FINAL READING

Introduced by Janssen, 15; Nantkes, 46

Read first time January 9, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend  
2 section 77-5903, Revised Statutes Supplement, 2007; to  
3 change provisions relating to the Nebraska Advantage  
4 Microenterprise Tax Credit Act; and to repeal the  
5 original section.

6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-5903, Revised Statutes Supplement,  
2 2007, is amended to read:

3           77-5903 For purposes of the Nebraska Advantage  
4 Microenterprise Tax Credit Act:

5           (1) Actively engaged in the operation of a microbusiness  
6 means personal involvement on a continuous basis in the daily  
7 management and operation of the business;

8           (2) Distressed area means a municipality, county,  
9 unincorporated area within a county, or census tract in Nebraska  
10 that has (a) an unemployment rate which exceeds the statewide  
11 average unemployment rate, (b) a per capita income below the  
12 statewide average per capita income, or (c) had a population  
13 decrease between the two most recent federal decennial censuses;

14           (3) Equivalent employees means the number of employees  
15 computed by dividing the total hours paid in a year by the product  
16 of forty times the number of weeks in a year;

17           (4) Microbusiness means any business employing five  
18 or fewer equivalent employees at the time of application.  
19 Microbusiness does not include a farm or livestock operation  
20 unless (a) the person actively engaged in the operation of the  
21 microbusiness has a net worth of not more than two hundred thousand  
22 dollars, including any holdings by a spouse or dependent, based  
23 on fair market value, or (b) the investment or employment is in  
24 the processing or marketing of agricultural products, aquaculture,  
25 agricultural tourism, or the production of fruits, herbs, tree

1 products, vegetables, tree nuts, dried fruits, organic crops, or  
2 nursery crops;

3 (5) New employment means the amount by which the total  
4 compensation plus the employer cost for health insurance for  
5 employees paid during the tax year to or for employees who  
6 are Nebraska residents exceeds the total compensation paid plus  
7 the employer cost for health insurance for employees to or for  
8 employees who are Nebraska residents in the tax year prior to  
9 application. New employment does not include compensation to any  
10 employee that is in excess of one hundred fifty percent of the  
11 Nebraska average weekly wage. Nebraska average weekly wage means  
12 the most recent average weekly wage paid by all employers as  
13 reported by October 1 by the Department of Labor;

14 (6) New investment means the increase during the tax year  
15 over the year prior to the application in the applicant's (a)  
16 purchases of buildings and depreciable personal property located  
17 in Nebraska, (b) and expenditures on repairs and maintenance on  
18 property located in Nebraska, ~~not including~~ neither subdivision  
19 (a) or (b) of this subdivision to include vehicles required to be  
20 registered for operation on the roads and highways of this state,  
21 ~~during the tax year.~~ and (c) expenditures on advertising, legal,  
22 and professional services. If the buildings or depreciable personal  
23 property is leased, the amount of new investment shall be the  
24 increase in average net annual rents multiplied by the number of  
25 years of the lease for which the taxpayer is bound, not to exceed

1 ten years;

2 (7) Related persons means (a) any corporation,  
3 partnership, limited liability corporation, cooperative, including  
4 cooperatives exempt under section 521 of the Internal Revenue Code  
5 of 1986, as amended, limited cooperative association, or joint  
6 venture which is or would otherwise be a member of the same unitary  
7 group, if incorporated, or any person who is considered to be  
8 a related person under either section 267(b) and (c) or section  
9 707(b) of the Internal Revenue Code of 1986, as amended, and (b)  
10 any individual who is a spouse, parent if the taxpayer is a minor,  
11 or minor son or daughter of the taxpayer; and

12 (8) Taxpayer means any person subject to the income tax  
13 imposed by the Nebraska Revenue Act of 1967, any corporation,  
14 partnership, limited liability company, cooperative, including a  
15 cooperative exempt under section 521 of the Internal Revenue Code  
16 of 1986, as amended, limited cooperative association, or joint  
17 venture that is or would otherwise be a member of the same unitary  
18 group, if incorporated, which is, or whose partners, members,  
19 or owners representing an ownership interest of at least ninety  
20 percent of such entity are, subject to such tax, and any other  
21 partnership, limited liability company, subchapter S corporation,  
22 cooperative, including a cooperative exempt under section 521 of  
23 the Internal Revenue Code of 1986, as amended, limited cooperative  
24 association, or joint venture when the partners, shareholders,  
25 or members representing an ownership interest of at least ninety

1 percent of such entity are subject to such tax.

2 The changes made to this section by this legislative bill  
3 shall be operative for all applications for benefits received on or  
4 after the effective date of this act.

5 Sec. 2. Original section 77-5903, Revised Statutes  
6 Supplement, 2007, is repealed.